

State of Idaho
DEPARTMENT OF INSURANCE

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WILLIAM W. DEAL
Director

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NOTICE TO ALL PRODUCERS

These are turbulent times in the financial marketplace, particularly concerning American International Group (AIG). We want to reassure you that, based on all information available to state regulators, the insurance subsidiaries of AIG are solvent and able to pay claims. The Idaho Department of Insurance has participated in national conference calls with other regulators, and we are working together to protect the policyholders.

As a matter of concern, we have received reports of agents who are using this situation as an opportunity to contact AIG insureds with offers to replace coverage. We have also received calls from consumers who have been approached by agents and advised to take actions that are clearly not in their best interests.

We remind you that Idaho Code Section 41-1302 prohibits unfair methods of competition and deceptive acts, including misrepresenting the financial condition of any insurer (41-1303), twisting (41-1305) and disseminating false or maliciously critical or derogatory information regarding the financial condition of an insurer (41-1308). Code sections may be read in their entirety on our Website.

Please be aware that we take allegations of twisting, defamation or misrepresentation very seriously and will not hesitate to take appropriate action against agents in violation of these statutes.

We will continue to monitor this situation and will post updates to our Website as they become available, www.doi.idaho.gov. A consumer FAQ sheet is attached to this letter for your information.

BILL DEAL, DIRECTOR

AIG Consumer FAQ

Is AIG going bankrupt?

AIG is an international financial holding company with numerous subsidiaries. Your insurance and annuity policies are written by AIG's insurance companies. Based on all available information, those companies are financially strong and their assets are protected by state regulators.

Will AIG be able to pay claims?

The AIG affiliated insurance companies are financially solvent and able to pay claims. The financial issues facing AIG are occurring because the parent company (which is not an insurance company) made investments in mortgage-backed securities and engaged in credit default transactions with troubled investment banks and financial firms.

Are the insurance and annuity policies I purchased from AIG safe or am I going to lose my money?

Your policies are safe. Based on all available information, AIG's insurance companies are financially strong and fully able to honor all policyholders' claims. The Idaho Department of Insurance will continue to closely monitor the situation to ensure that policyholders are protected.

Should I cash in my insurance and annuity policies and purchase insurance from another insurer?

Based on all available information, the AIG insurance companies are financially strong, so your policies are not in jeopardy. Cashing in your policy or switching insurers is a personal decision. Be aware that some policies may contain surrender charges and/or cancellation penalties. Before making a decision, talk to your agent, attorney or financial advisor. Call the Department to find out all the information your agent or broker should give you before you make a decision. If you have any insurance policy with an AIG company and someone advises you to replace it because of the troubles at AIG's parent company or supposed trouble at the insurance company, call the Department immediately.

Should I pay the insurance premium bill I just received from AIG?

In order for your coverage with AIG to continue, you will need to pay the premiums. Failure to pay your premiums can result in the termination of your insurance policies by the insurance company.

Would my insurance and annuity policies have been protected had AIG been declared insolvent and ordered to be liquidated by a court?

Every state has guaranty funds in place which act as a safety net in the event an insurer becomes insolvent. These funds guarantee, up to certain limits, the policyholder obligations of an insolvent insurer.

Who do I call if I have questions about my AIG insurance policy?

If you need to file a complaint or have a general question, call the Department and ask to speak to a Consumer Affairs Officer at 334-4250 in Boise, or 800-721-3272 toll free statewide.